

DECLARATION OF TRUST ESTABLISHING THE

**LEWIS-CLARK VALLEY  
HEALTHCARE FOUNDATION**

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THIS TRUST AGREEMENT is hereby made by and between Idaho Trust Bank, also known as (the "Trustor"), and Idaho Trust Bank (the "Trustee").

**SECTION ONE  
NAME**

This Trust shall be known as the LEWIS-CLARK VALLEY HEALTHCARE FOUNDATION, and for the sake of brevity may also be known as the LCVH FOUNDATION. It shall be referred to herein as "Trust" and/or "LCVH Foundation" and/or "Foundation."

**SECTION TWO  
TRUST PURPOSE**

The nature of the business and the objects and purposes to be transacted, promoted and carried on by this Trust shall be to acquire by grant, gift, purchase, devise, bequest, or otherwise, real and personal property of every class and description.

The Foundation is restricted to pursuing charitable purposes involving:

- making grants, contributions, or program-related investments to qualified I.R.C. § 501(c)(3) exempt organizations that promote the health, wellness, or disease prevention of persons within the St. Joseph Regional Medical Center's ("hospital") service area;
- sponsoring or participating in activities, programs, or projects designed to promote the health, wellness, or disease prevention of persons within the hospital's service area;
- advocating for health policies that address the health needs, reduce the health risks or disparities, promote the health equity, or lessen the burden of illness for persons within the hospital's service area; and
- respecting the religious, ethical, and moral principles of the Roman Catholic Church in all projects that the Foundation funds or supports and adhering to the Ethical and Religious Directives for Catholic Health Care Services, when selecting the programs, projects, activities, or policies to support or promote, with all matters of faith being decided by the local Catholic Bishop.

The hospital's service area is Clearwater, Idaho, Latah, Lewis, and Nez Perce Counties, Idaho; Wallowa County, Oregon; and, Asotin, Garfield, and Whitman Counties Washington.

It is the intent of the Trustor that this Trust be administered by the Trustee and Board of Community Advisors (created herein) to provide a multiple generational benefit in furtherance of its purposes.

### **SECTION THREE TRANSFER OF TRUST FUNDS**

The Trustee may receive donations from the Trustor or from any other source in cash or in other property acceptable to them. All donations so received together with the income shall be held, managed, administered, and paid out by the Trustee pursuant to the terms of this agreement. The Trustee may accept donations which restrict their uses and purposes, provided such restrictions are within the uses and purposes set forth in this trust, and which limit the time, manner, amount, or other terms of distribution; but, unless otherwise specifically required, the Trustee may mingle such restricted donations with other assets of the trust fund.

### **SECTION FOUR APPLICATION OF TRUST PRINCIPAL AND INCOME**

To carry out the purposes of this Trust, Trustor authorizes the Trustee, in the exercise of its sole and absolute discretion, to apply the net income from the Trust until it is exhausted, and then as much of the principal as the Trustee deems necessary, to accomplish the charitable purposes set forth in this instrument. The Trustee may also make contributions to other charitable organizations qualified under Internal Revenue Code (IRC) § 501(c)(3) if such contributions further the charitable purposes of this Trust.

Any other provisions of this instrument notwithstanding, the Trustee shall distribute the income for each taxable year at such time and in such manner as not to become subject to the tax on undistributed income imposed by IRC § 4942, or corresponding provisions of any subsequent Federal tax laws.

Any other provisions of this instrument notwithstanding, the Trustee shall not engage in an act of self-dealing as defined in IRC § 4941(d), or corresponding provisions of any subsequent Federal tax laws; nor retain any excess business holdings as defined in IRC § 4943(c), or corresponding provisions of any subsequent Federal tax laws; nor make any investments in such manner as to incur tax liability under IRC § 4944, or corresponding provisions of any subsequent Federal tax laws; nor make any taxable expenditures as defined in IRC § 4945(d), or corresponding provisions of any subsequent Federal tax laws.

### **SECTION FIVE LIABILITY OF TRUSTEES**

No Trustee shall be answerable for loss in investments made in good faith. No Trustee shall be liable for the acts or omissions of any other Trustee, or of any accountant, agent, counsel, or custodian selected in good faith. Each Trustee shall be fully protected in acting upon any

instrument, certificate, or paper, believed by him to be genuine and to be signed or presented by the proper person or persons, and no Trustee shall be under any duty to make any investigation or inquiry as to any statement contained in any such writing but may accept the same as conclusive evidence of the truth and accuracy of the statements.

A Trustee shall be chargeable only with the exercise of good faith in carrying out the provisions of the Trust. A Trustee shall not, in the absence of bad faith, be responsible or accountable for errors of judgment in making the contributions and gifts pursuant to the provisions of the Trust.

## **SECTION SIX DESIGNATION OF INITIAL TRUSTEE**

The Trustee of this Trust shall be Idaho Trust Bank, its assigns and successors. The Trustee shall have full power to act under and pursuant to this Trust and all powers granted herein and by applicable law.

## **SECTION SEVEN COMPENSATION OF TRUSTEE AND BOARD OF COMMUNITY ADVISORS**

Each individual member of the Board of Advisors named herein shall serve without compensation for his or her services. Any Corporate Trustee shall be entitled to compensation according to its published fee schedule, including expenses and extraordinary fees, in effect at the time the fee is collected; provided, its Trustee Fee shall be limited to the following: (A) In the first one (1) year after the establishment of this Trust the Trustee Fee shall be applied as 0.85% of all of the Trust assets; and (B) In all subsequent years the Trustee Fee shall be applied as 0.80% on the first \$10,000,000.00 of the Trust assets, 0.40% on the next \$5,000,000.00, 0.24% on the next \$10,000,000.00 and 0.20% on the balance.

## **SECTION EIGHT DESIGNATION OF BOARD OF COMMUNITY ADVISORS**

The application of Trust assets for the charitable purposes herein described shall be made as determined by a Board of Community Advisors hereinafter designated. The Board of Community Advisors shall only have an interest in and authority over distributions of Trust assets for such charitable purposes. The Board of Community Advisors shall not have any other rights, duties or responsibilities. The Board of Community Advisors shall not have the authority to designate the distribution of Trust assets to any charitable entity that any one of them may have created.

In particular, the Board of Community Advisors shall:

- Determine the Methodology for Grant-making
- Determine Organizations or Causes Eligible for Grants
- Determine the Amount of Any Initial Grants

- Determine the Amount of Annual Grants
- Determine Any Initial Grants
- Determine the Annual Grants to be Made
- Approve an Investment Policy Statement for LCVH Foundation Assets
- Receive and Review Reports of Investment and Other Fiduciary Activity by the Trustee.

The Board of Community Advisors shall be comprised of no less than seven (7) members and no greater than fifteen (15). At least eighty percent (80%) of the Board of Community Advisors shall be residents of Clearwater, Idaho, Latah, Lewis, and Nez Perce Counties, Idaho; Wallowa County, Oregon; and, Asotin, Garfield, and Whitman Counties Washington. The initial Board of Community Advisors shall be selected by the by the Office of the Attorney General for the State of Idaho, or its designees. If there is a vacancy on the Board of Community Advisors, the Office of the Attorney General for the State of Idaho, or its designees, shall select the person or persons to fill such vacancy.

The Board of Community Advisors shall act by a vote of a majority of their number at any given time. All actions of the Board of Community Advisors shall be taken either by resolution at a meeting or by written record without a meeting. The Board of Community Advisors shall appoint from among them a secretary, who shall keep a record of all actions of the Board of Community Advisors. A copy of any resolution of action taken by the Board of Community Advisors, certified by any one of the Board of Advisors, may be relied upon by the Trustee.

The Board of Community Advisors shall provide timely guidance to the Trustee in the exercise of the Board's rights, duties or responsibilities. If the Board of Community Advisors does not provide such timely guidance, as determined in the sole and absolute discretion of the Trustee without limitation, then the Trustee shall have the sole and absolute authority to exercise such rights, duties or responsibilities. Utilization of this provision does not waive authority of the Board of Community Advisors to exercise its rights, duties or responsibilities in future instances.

In the event that any time no person serves on the Board of Community Advisors, or the Board of Community Advisors shall cease to exist, then the application of all Trust assets to pursue the charitable purposes described herein shall rest solely within the power of the Trustee.

## **SECTION NINE**

### **DISSEMINATION OF INFORMATION—EMPLOYMENT OF PERSONNEL**

The Trustee shall have full power to act under and pursuant to this Trust and all powers granted herein and by applicable law. Specifically, for illustration and without limitation, this shall include the power to properly carry out and aid the purposes and objects of the Trust by the Trustee having the full power and authority:

- (a) to employ and pay attorneys;
- (b) to employ and pay accountants and tax preparers;
- (c) to engage or employ any other person or persons it may desire to employ or engage for the performance of any services to the LCVH Foundation;

- (d) to buy and distribute, by mail or otherwise, to whom it may think proper, information about the LCVH Foundation; and,
- (e) to disseminate by all lawful means such information as in the judgment of the Trustee may be useful in carrying out the purposes of this Trust.

## **SECTION TEN GIFTS IRREVOCABLE**

Gifts made in trust to the Trustee under this agreement shall be irrevocable. If it shall be determined by the Internal Revenue Service, subsequent to the creation of this Trust and the transfer of any funds to the Trustee by the donor or any other person, that the Trust is not exempt from the payment of income tax upon its income or that the donors to the Trust may not be entitled to charitable deductions for income tax purposes for contributions made to the Trust in the manner and to the full extent provided by the Internal Revenue Code, then such gifts as remain in the Trust at the time of such determination shall be given by the Trustee to a qualified tax exempt charitable organization selected by the Trustee to best carry out the purposes of this Trust. This Trust shall thereupon terminate.

## **SECTION ELEVEN TERMINATION**

Upon the termination of this Trust, whether by virtue of the exercise of the power to terminate the Trust which shall be vested in the Trustee or by force of law, or by judicial decree, or for any cause or reason not otherwise provide for herein, all legal and equitable right and title to the Trust estate at the time of such termination shall be distributed to a nonprofit fund, foundation, or corporation which is organized and operated exclusively for tax exempt purposes which are reasonably related to the purposes of this Trust, as may be determined by the Trustee in its sole discretion, and which has established its tax exempt status under IRC § 501(c)(3). In no event shall any of the business, properties, assets or income of this Trust, in the event of dissolution thereof, be distributed to the directors, members or officers, whether for the reimbursement of any sums subscribed, donated or contributed by the same, or for any other purpose. After such transfer, this Trust shall terminate.

## **SECTION TWELVE QUALIFICATION AS TAX EXEMPT**

It is the intention of the Trustor that this Trust qualify as a charitable Trust under the laws of the state of Idaho, and that the Trust and person contributing property to it, be entitled to all of the exemptions, deductions, credits, and benefits accorded to charitable organizations and persons making contributions to such organizations, by the Internal Revenue Code of the United States, by judicial decisions interpreting the Internal Revenue Code, and by the administrative regulations of the Treasury Department of the United States, both now existing and subsequently adopted. In furtherance of the intention described in this paragraph, Trustee is expressly empowered to make such amendments to this instrument as are necessary to permit



the Trust and the Trustors to qualify for the status, exemptions, deductions, credits, and other benefits described above. The above-described power of amendment may not be construed to authorize any amendment by which any part of the assets or income of the Trust may be diverted from the charitable and public purposes set forth in this instrument.

### **SECTION THIRTEEN POWERS OF TRUSTEE**

In the administration of this Trust, the Trustee shall have all powers and authority necessary or available to carry out the purposes of this Trust granted by the Idaho Uniform Trustee Powers Act including, without limitation, the following powers and authority, all subject, however, to the condition that no power or authority shall be exercised by the Trustee in any manner or for any purpose which may not be exercised by an organization which is tax exempt or by an organization to which donations are deductible from taxable income to the extent allowed by the provisions of the Internal Revenue Code and other applicable legislation and regulations as they now exist or may hereafter be amended:

- (a) To receive the income, profits, rents, and proceeds from Trust assets;
- (b) To purchase, subscribe for, retain, invest, and reinvest in securities or other property wherever situated, and whether or not productive or of a wasting nature, and without any requirement for diversification as to kind or amount. The words "securities or other property" as used in this agreement shall be deemed to include real or personal property, corporate shares, common or preferred, or any other interest in any corporation, association, investment trust, or investment company, bonds, notes, debentures, or other evidences of indebtedness or ownership, secured or unsecured, even though the same may not be legal investments for a Trustee under applicable laws; but securities and other property shall not be deemed to include shares or indebtedness of the Donor unless the same is donated to this Trust;
- (c) To sell for cash or on credit, convert, redeem, exchange for other securities or other property, or otherwise dispose of any securities or other property at any time held by it;
- (d) To alter, repair, improve, erect buildings upon, demolish, manage, partition, mortgage, lease, exchange, grant options to lease or to buy, and sell or dispose of, at public or private sale, and upon such conditions and such terms as to cash and credit as it may deem advisable, real property;
- (e) To pay all administration expenses of this Trust and any taxes imposed upon it, and to settle, compromise, or submit to arbitration, any claims, mortgages, debts, or damages, due or owing to or from this Trust, to commence or defend suits or legal proceedings, and to represent this Trust in all suits or legal proceedings;
- (f) To exercise any conversion privilege or subscription right available in connection with any securities or other property; to consent to the reorganization, consolidation, merger, or readjustment of the finances of any corporation, company, or association or to the sale, mortgage, pledge, or lease of the property of any corporation, company, or association any of the securities of which may at any time be held by it and to do any act, including the exercise of options, the making of agreements or subscriptions, and the payment of expenses, assessments, or subscriptions which may be deemed necessary or advisable, and to hold and retain any securities or other property which it may so acquire;

(g) To vote personally, or by general or limited proxy, and shares of stock, and similarly to exercise personally, or by general or by limited power of attorney, any right appurtenant to any securities or other property;

(h) To borrow money in such amounts and upon such terms and conditions as shall be deemed advisable or proper to carry out the purpose of this Trust and to pledge any securities or other property for the repayment of any such loan;

(i) To hold part or all of the Trust assets uninvested;

(j) To employ suitable accountants, agents, legal counsel, and custodians and to pay their reasonable expenses and compensation;

(k) To retain any real property, personal property or closely held business interests including limited partnership interests, limited liability company units and corporate shares;

(l) To register any securities held by it in its own name, or, to the extent permitted by law, in the name of a nominee with or without the addition of words indicating that such securities are held in a fiduciary capacity and to hold any securities unregistered or in bearer form; and,

(m) To make, execute, and deliver all instruments necessary or proper for the accomplishment of the purpose of this Trust or of any of the foregoing powers, including deeds, bills of sale, transfers, leases, mortgages, security agreements, assignments, conveyances, contracts, purchase agreements, waivers, releases, and settlements.

#### **SECTION FOURTEEN ACCOUNTING BY TRUSTEE**

The Trustee shall render accounts of its transactions to the Board of Community Advisors at least quarter-annually. In the absence of the filing in writing with the Trustee by the Board of Community Advisors of exceptions or objections to any such account within 30 days, the Board of Community Advisors shall be deemed to have approved such account and in such case or upon the written approval of the Board of Community Advisors of any such account, the Trustee shall be released with respect to all matters and things set forth in such account as though such account had been settled by the decree of a court of competent jurisdiction. Except as otherwise authorized by law, no person other than the Board of Community Advisors may require an accounting or bring any action against the Trustee with respect to this Trust. The Trustee may at any time initiate legal action or proceedings for the settlement of its accounts and, except as otherwise required by law, the only necessary party defendant to any such action or proceedings shall be the Board of Community Advisors.

#### **SECTION FIFTEEN INITIAL INVESTMENT BY TRUSTEE**

The initial funding of this Trust of cash is estimated to be in the total aggregate sum of Twenty-five Million Dollars (\$25,000,000.00). After the setting aside of such amount of cash reserves as the Trustee deems prudent in the circumstances, including up to Five Percent (5%), the Trustee shall invest the balance of the cash assets in a balanced investment portfolio of its selection until such time as the Board of Community Advisors shall adopt an Investment Policy



Statement for use by the Trustee. At the time that the Board of Community Advisors shall adopt an Investment Policy Statement for use by the Trustee it shall thereafter be followed in the investment of all funds.

#### **SECTION SIXTEEN DESIGNATION OF PERMANENT TRUSTEE**

Within twenty-four months of establishment of this trust, the Initial Trustee shall automatically become the Permanent Trustee if no contrary action is taken by the Board of Community Advisors. The Board of Community Advisors shall have no duty of additional investigation, duty to seek comparative bids, or duty of solicitation if it chooses to retain the Initial Trustee as the Permanent Trustee. If the Board of Community Advisors elects to engage in a process to select a Permanent Trustee such a trustee shall be limited to an Idaho state chartered bank, headquartered in Idaho, with its senior executive corporate officers based in Idaho and with trust powers that it regularly exercises. The Permanent Trustee, its successors and assigns (provided they meet the standards of this Section), shall have full power to act under and pursuant to this Trust and all powers granted herein and by applicable law.

#### **SECTION SEVENTEEN TRUST SITUS**

This agreement is executed and delivered in the State of Idaho. This agreement shall be governed by Idaho law. Its situs shall be in Idaho; provided, the Trustee, in its sole and absolute discretion, is authorized, from time to time, to change the situs to any jurisdiction.

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Dated this 28<sup>th</sup> day of APRIL, in the year 2017.

**IDAHO TRUST BANK**

Trustor

By: 

Printed Name: THOMAS PROHASKA

Title: PRESIDENT

**IDAHO TRUST BANK**

Trustee

By: 

Printed Name: THOMAS PROHASKA

Title: PRESIDENT

**APPROVED AS TO FORM AND CONTENT**

Dated this 18<sup>th</sup> day of May, in the year 2017.

**OFFICE OF THE ATTORNEY GENERAL  
FOR THE STATE OF IDAHO**

By: 

Printed Name: Stephanie M. Guyon

Title: Deputy Attorney General